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FM AMEMBASSY KUALA LUMPUR  
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SIPDIS

SENSITIVE

STATE PASS USTR FOR B WEISEL AND J JENSEN  
STATE PASS USDA/FAS FOR ITP/AAD  
TREASURY FOR OASIA AND IRS  
COMMERCE FOR 4430/MAC/EAP/BAKER

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [ETRD](#) [MY](#)

SUBJECT: GOVERNMENT-LINKED COMPANIES: UNRAVELING THE TANGLED WEB

REF: KUALA LUMPUR 1300

1. (SBU) Summary: The Malaysian government,s ability to control market access through its holdings in government linked companies (GLCs) is ar

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Big Players, Thin Skins  
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2. (U) According to a Malaysian Government website, Government- Linked Companies (GLCs) -- commercial companies in which the GoM has a direct

3. (U) The role of the GLCs in the Malaysian economy is a sensitive matter, as they are inextricably linked with the government,s effort to ac  
Recently, a respected local think tank produced a report for the government that, i.a., included recommendations on the management of GLCs and

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One Hand Washes the Other

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4. (U) Sometimes the government exerts itself to protect the GLCs, and sometimes it,s the GLCs that serve the government.

High tariffs and bureaucratic impediments to importing a car -- including limits on the number of approvals and required signatures from three

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Through a Glass Darkly  
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5. (U) The level of publicly available information about Malaysia,s seven GLICs varies considerably. Khazanah, the largest GLIC (owned by the

6. (U) Information on the ownership of publicly-traded GLCs can be found in their annual reports. The Malaysian Securities Commission enforces

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You Can,t Know the Players without a Score Card  
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7. (U) When tallying up GLIC holdings familiarity with the local players, including the multiple layers of subsidiaries of the GLCs, is essent

8. (U) Some other companies provide this information more clearly. For example, Pharmaniaga Berhad, a pharmaceuticals manufacturer, includes i

9. (U) Another example is Malaysian Airline System Berhad (MAS), which lists Penerbangan Malaysia Berhad with a 69.34 per cent holding. The gc

10. (U) Publicly listed companies include the names of their Boards of Directors in their annual reports, often including bios and photos as w

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Islamic Banks behind the Veil  
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11. (U) Fundamental concepts underlying Islamic finance preclude Islamic banks from publishing lists of their shareholders. All depositors are

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Non-Traded Companies Face Some Disclosure  
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12. (U) Non-listed companies are not regulated by the Securities Commission, but by the Commission of Companies in Malaysia (CCM). Regulations

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Two "Golden Shares"  
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13. (U) The government retains a "Golden Share" in two companies, MAS and Telecom Malaysia, dating from the time when these companies were 100

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Untangling the Web  
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14. (SBU) Comment: In view of the role GLCs play in Malaysia,s economy and the government,s use of GLCs as policy agents, increasing the trans

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